

MILESTONES IN MARKETING

Twenty-Five Years

of

ORDERLY WHEAT MARKETING

Through the

Canadian Wheat Board

Published by

THE SASKATCHEWAN WHEAT POOL

December 1960

Regina



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FOREWORD

A little more than 25 years ago the Parliament of Canada passed legislation establishing the Canadian Wheat Board as a national marketing agency for wheat produced in Western Canada. The board was established in a period of crisis in western agriculture.

It did not come into being suddenly. Behind the legislation of July 18, 1935, there was a long history of agitation and experiment by grain producers to find a more efficient and satisfactory system of marketing their wheat. From the early days of the Twentieth Century right down to 1935, western farmers had been urging basic reforms in marketing practices and systems.

This pamphlet, reproducing a series of advertisements published by the Saskatchewan Wheat Pool in *The Western Producer*, is distributed to recall the victories and the disappointments encountered by farmers on the way to the achievement of orderly grain marketing.

It also seeks to put into perspective the policies followed by the Canadian Wheat Board in discharging its responsibility to sell western wheat. These policies have proved their effectiveness under many difficult circumstances.

This pamphlet, therefore, is put forward as a tribute to the pioneers of the western farm movement and as an acknowledgment of the services the Canadian Wheat Board has performed for western grain farmers in its first twenty-five years.

Regina, December 1960.

The Saskatchewan Wheat Pool

MILESTONES IN MARKETING

The Charter — of Farmers' Rights The Manitoba Grain Act of 1900 with amendments 1902

Before Parliament passed the Manitoba Grain Act in 1900, western wheat farmers were at the mercy of a monopolistic grain trade. Railway concessions to companies building "standard elevators" virtually eliminated all competition in buying grain at local shipping points.

Grain buyers were in a position to dictate grades and prices at which they would buy the farmers' grain. Unscrupulous merchants might even cheat the farmer on the weight and dockage of the grain delivered without fear of reprisal from the authorities.

Champions of the western farmers in Parliament in 1900 pushed through new legislation to correct the most flagrant abuses. Appointment of a warehouse commissioner to investigate complaints about weighing and grading of grain was authorized by the Manitoba Grain Act. The railways were required to make space available for the construction of flat warehouses to stimulate competition with the operators of "standard elevators." The railways were also required to build loading platforms and to supply box cars into which farmers might load their grain directly.

But the situation was still far from satisfactory. The railways very often did not supply cars to be loaded directly.

Flat warehouses were not popular and provided little new competition. The situation was not much better than it had been.

Western agitation continued. In 1902, Parliament amended the Manitoba Grain Act to provide for the Car Order Book at railway shipping points and to set out penalties for violation of the Car Order Book sections.

This Act brought a new class of buyers into the market—track buyers who bought carloads of grain from one or more farmers who agreed to load over the platform. It also opened the way for farmers to load their own cars of grain and ship them on consignment to buyers elsewhere.

The opening of this kind of competition reduced the power of the elevator monopoly and gave farmers new marketing opportunities. It was from this date that western farmers moved quickly forward, first to the ownership of their own commission firm, later to the construction of their own elevators and finally to the establishment of their own marketing organizations through the Wheat Pools. Passage of The Manitoba Grain Act and its amendment was the opening round in the long struggle for orderly marketing.

One of a series of
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MILESTONES IN MARKETING



FARMERS IN BUSINESS

GRAIN GROWERS GRAIN CO. 1906

Early in 1902, farmers at Indian Head established the Territorial Grain Growers Association which rapidly spread to other parts of the Northwest Territories and Manitoba. It soon became a powerful spokesman for the grain producers of Western Canada.

One of its earliest and greatest triumphs came in 1903. It invoked the provisions of the Car Order Book sections of the Manitoba Grain Act to get a conviction against the railway agent at Sintaluta because he had failed to distribute railway boxcars to farmers in accordance with the terms of the Act. The railway appealed the verdict of the Sintaluta court and lost. This was the beginning of a new era for western grain farmers.

Once their right to boxcars to be loaded over the platform was established, farmers in many parts of the West hastened to take advantage of it. They were no longer chained to the one or two elevator companies operating at their shipping points. They could load their own grain and ship it on consignment to a terminal where government graders established the grades and dockage and government weighmasters guaranteed honest weights.

Car-loading bees became common in many communities. Everyone reaped the benefits because the elevator companies improved their practices to meet the new competition.

With this victory over the monopoly achieved, the pro-

gressive farmers of Sintaluta looked around for new fields to conquer.

"Why not," they asked themselves, "set up our own company to sell the grain we are consigning to commission merchants?"

The commission merchants charged one cent per bushel for selling the grain consigned to them. This looked like a place to save money. So the Sintaluta farmers took another and a very important step in the evolution of Canada's grain marketing machinery. They established the Grain Growers Grain Company in 1906.

It was planned as a co-operative on Rochdale principles. But opposition by the grain trade prevented the group from sharing surpluses through patronage dividends. It became a wholly-owned farmer commission agency.

Over the next few years, the Grain Growers' Grain Co. expanded into other parts of Saskatchewan and into Manitoba. Many farmers rallied to the support of the new grain company by investing some of their savings in it and by delivering their grain to it.

In the process, western farmers discovered that they could manage their own grain marketing business as well as anyone else. All that was required was courage to undertake the experiment and determination to see it through. And these qualities were common enough among the pioneers of prairie agriculture.

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Farmer Delivery at an early Co-op Elevator at Lipton, Sask.

FARMER-OWNED ELEVATORS

*Saskatchewan
Co-operative
Elevator Co. Ltd. 1911*

After forming their first grain-marketing agency the prairie farmers turned their attention to the elevator question. There was among many, particularly in Manitoba, a strong move for a government-operated utility and it found expression during the Manitoba election campaign of 1907. After the election the Manitoba premier declined to act on the request and called a meeting among the three prairie premiers.

The result of that meeting of premiers, in Regina on May 4, 1908, was ineffective. They merely named a representative to meet with the grain growers to discuss the matter. The farmers resumed their request and a second meeting of premiers was held the following year at which they concluded that "constitutional difficulties" precluded the provincial governments from acting. About this time, the premier of Saskatchewan broke away from the united view and set up a three-man royal commission to study the whole elevator question in his province.

The Saskatchewan commission got down to work in May of 1910 and that fall brought in its report, recommending "formation of a co-operative joint stock company in Saskatchewan to operate storage elevators and with authority to distribute its profits on a co-operative plan." The Saskatchewan premier accepted that recommendation with some modifications and himself introduced the eleva-

tor bill in the provincial legislature at Regina early in February, 1911. The company thus created was the Saskatchewan Co-operative Elevator Company Limited.

Stock in the company was to be parcelled into shares of \$50 each and sold only to farmers and no one could hold more than 10 shares. Control of the elevator units would be entirely local and construction and purchase of elevators could begin when 25 locals were established. By June 16, 1911, the new co-operative called its first annual meeting, announced fulfillment of the requirements and went into business. By July 6 they had an additional 21 locals for a total of 46 which represented capitalization of \$405,050 with 8,101 shares held by 2,580 shareholders.

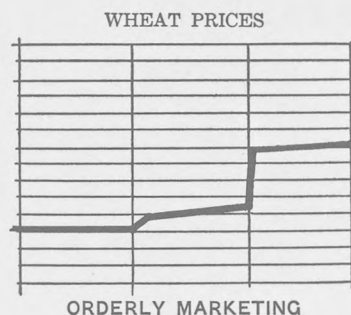
In Manitoba the government itself went ahead earlier with a provincially-owned elevator system but it came to grief and by 1912 was taken over by a group of grain growers on a lease basis. In Alberta, the lead of Saskatchewan rather than Manitoba directed action and in 1914 the Alberta legislature incorporated the Alberta Co-operative Elevator Company Limited.

The Saskatchewan co-operative became in time part of the elevator system now operated by Saskatchewan Wheat Pool, the world's largest farmer-owned grain-marketing co-operative.

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THE MILESTONES IN MARKETING



The First **CANADA WHEAT BOARD**

1919-1920

In the years following the creation of the farmers' co-operative elevator companies, the benefits of producer control over marketing machinery became increasingly evident. The farmers' elevator companies forced all elevators to provide better marketing service and to abandon many of their discriminatory practices in weights, grades and dockage. Moreover, the earnings from the elevators helped to build strong farm organization to fight vigorously for farmers' rights.

Things were looking up for the farmer when the First World War came and new problems multiplied.

As the war neared its climax, much of Europe was literally faced with starvation. Food became as important as munitions. Importing countries took control over trade in food and imposed strict rationing. Wheat exporting countries set up rigid controls to make sure that all available wheat was directed to the places where the need was most urgent.

The Canadian Government took complete control of the Canadian wheat crop in 1917 by establishing the Board of Grain Supervisors and closing the Winnipeg Grain exchange. The Board bought all wheat produced in Canada at a fixed price and managed its movement to Europe to help win the war. The board continued its operations in 1918-19.

By now the war was over. But famine still threatened parts of Europe. The Canadian crop was small. There was a real shortage of wheat in the world. The stage was perfectly set for a speculative binge.

Farmers appealed to the government for protection. Through the Canadian Council of Agriculture, they asked for the establishment of a compulsory national pool as the sole selling agency for their wheat.

Their request was granted and the first CANADA WHEAT BOARD was appointed to handle the 1919-20 crop. The Grain Exchange remained closed to avoid speculation. The Board established an initial price of \$2.15 a bushel and issued participation certificates entitling farmers to their share in the final selling price of their wheat.

The plan got a mixed reception. The initial price was below the price of United States' wheat and that was disappointing. Many farmers were skeptical of the value of their certificates and practically gave them away. But other farmers liked the plan from the start and the price stability it promised.

When in October 1920, the Wheat Board made its final payment of 48 cents a bushel, bringing a realized price of \$2.63 for the whole crop, western farm opinion quickly crystallized in support of the new system.

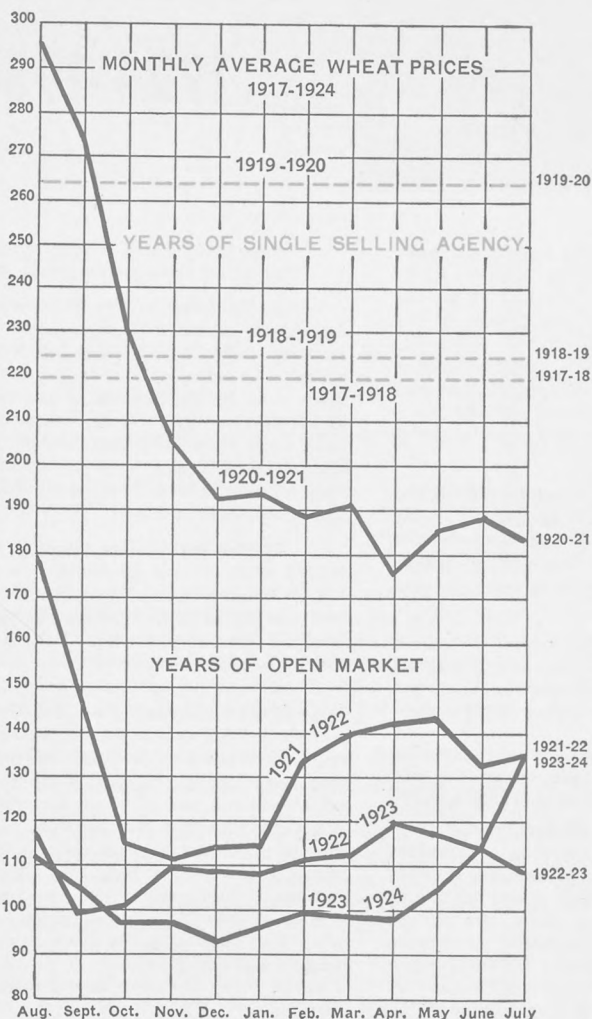
The experience of the war years and the Canada Wheat Board taught farmers that there was an alternative to the speculative market, that wheat could be sold in an orderly manner and at a good price. This discovery was a revelation. Western farmers never willingly returned to the speculative market, though they shortly had it forced upon them.

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MILESTONES IN MARKETING

THE COMING OF THE POOLS



After three years of stabilized marketing under wartime conditions and at high prices, western grain farmers were suddenly plunged back into the open marketing system in August 1920. The Canadian government which had supported the Canada Wheat Board as a single pooling and selling agency for Canadian wheat decided to get out of the grain business and turned over the full responsibility for selling Canada's wheat to the private grain trade and the Winnipeg Grain Exchange.

The Canada Wheat Board, which had not been universally popular among farmers when it began in 1919, had made thousands of friends in homesteaders' shacks and prosperous farm homes across the western prairies during its year of operation. When farmers found themselves suddenly faced with the prospect of selling their grain on the speculative market, there was an immediate outcry.

The demand for the re-establishment of the Canada Wheat Board as the single selling agency for western wheat was insistent. And the reason was not hard to find. The tables here show what happened to the price of wheat once the open market was restored. Not all of the decline in prices can be attributed to the change in the marketing method, of course. However, the men who had handled the 1919-20 wheat board sales gave it as their considered opinion that a single selling agency could have obtained a better price for the farmers' wheat in 1920-21 than the average achieved under open market conditions.

As the price of wheat continued to fall, the demands for the creation of a single selling agency became more pressing. Many farm leaders thought it unlikely that the government could be persuaded to establish a national board. They, therefore, began to work for a voluntary pooling operation which would go at least part of the way in re-establishing the single selling agency. But many farmers, particularly those in Saskatchewan, continued to press for a national compulsory board so that no real agreement on a voluntary plan could be reached. It was not until 1923 that it became apparent to everyone that a national compulsory pool was out of the question.

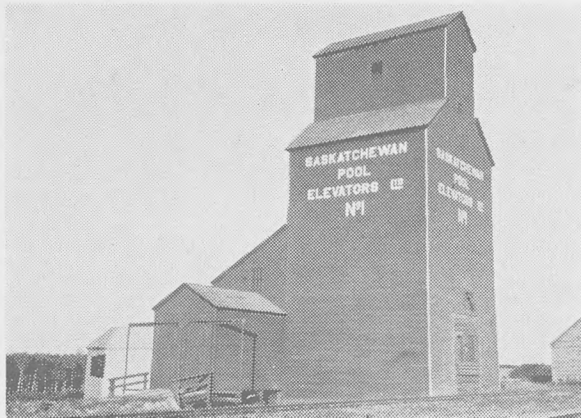
In desperation, with wheat selling around the dollar mark, farmers turned to the organization of voluntary contract pools in each of the three provinces. Alberta was the first to get organized, beginning pooling operations late in October 1923. Saskatchewan started in June 1924 and Manitoba soon after.

The three Prairie Wheat Pools immediately formed the Central Selling Agency to act as the single sales agent for all the grain delivered by Pool members in the three provinces. By voluntary action, the farmers of Western Canada went as far as they could possibly go to restore the principle of the single selling agency. The fight for a national marketing agency was continued because farmers had become certain that the best way to sell their grain was through a single selling agency.

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THE POOLING YEARS 1924-1930

In its first year the Central Selling Agency, the organ marketing Prairie wheat for the three western Wheat Pools, handled 81,000,000 bushels of wheat or 38 percent of the total wheat inspections in Western Canada. It had a line of credit amounting to \$25,000,000 from eight principal chartered banks and paid an initial payment of \$1 a bushel basis No. 1 Northern at Fort William. Its final payment brought the total to \$1.66 a bushel and the year's operations showed it had handled its first crop for about one-third of a cent a bushel.

It set up its own sales agencies in eastern Canada and overseas and soon had established 28 agencies in 15 importing countries. What the farmers had done through their provincial co-operatives and their Central Selling Agency was to establish direct producer-to-consumer marketing.

The three western Pools also moved towards a greater degree of producer control over marketing facilities. By construction and purchase, Pool farmers acquired systems of country elevators spreading across each province.

All this was in keeping with the vision of the farmers who organized the pooling venture and which they had clearly set out in the Charter of the Central Selling Agency:

"To be an agricultural organization instituted for the purpose of mutual help, to serve as a marketing association for its members; to improve methods and reduce costs of marketing grain; to reduce speculation, manipulation and waste, and all unnecessary transaction in such marketing; to increase consumption, build up new markets and develop new uses for grain; to market the grain directly and with regularity, so as to furnish it economically to the

users thereof and to preserve for the growers and the public their proper profits and economies."

At the outset of the crop-year the Central Selling Agency set an initial payment equal for all farmers who delivered grain. The trade was first in wheat but soon was extended to coarse grains. In the first year of operation there were among farmers of the three provinces some 91,000 delivery contracts for wheat and by November 1, 1927, there were more than 144,000. By the end of 1926 more than 15,000,000 acres of wheat were committed to Pool delivery from a total of 21,000,000 acres in wheat among the three provinces.

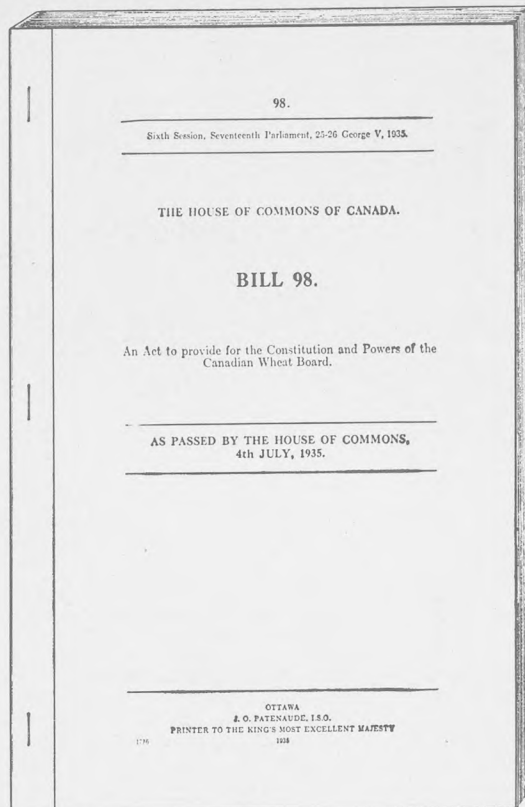
Trouble began after the 1928 crop which was unusually high, leaving an unexpected carry-over of some 127,000,000 bushels of which the Central Selling Agency held nearly 85,000,000 bushels. The world price fell in the following year; exports were high but not high enough to skim off all the Canadian surplus.

The world wide economic collapse of 1929, the surplus and the consequent drastic collapse of wheat prices put the Pools in jeopardy. Both the provincial and federal governments stepped in to guarantee the pool line of credit with the banks but the federal government stipulated certain conditions, one of which was selection of a manager acceptable both to it and the banks. One of his first moves was to close the overseas offices, eliminating the pool's strong argument that they were offering Canadian wheat directly to the consumer from the producer without intervention of the costly middlemen. By 1930 the marketing of wheat had returned to the Grain Exchange but the Prairie farmers had had their taste of pooled marketing and soon a strong move developed for its resumption on a compulsory basis.

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After the collapse of the wheat markets in 1930, the members and directors of the three western Wheat Pools began to look at marketing plans which would salvage something from the system of orderly marketing which they had built up during the 1920's. In 1931, the three Pools, with the support of the three western provincial governments asked the Government of Canada to establish a national wheat board to handle the 1931 crop.

The federal government was not willing to accept the suggestion and proposed, in turn, the establishment of a trading corporation to which the elevators of the three co-operatives would be leased. Negotiations on this plan also broke down. The Federal government remained in the wheat picture with its stabilization operations under the direction of the late Mr. John I. McFarland.

The Pools continued to press for a national marketing board. The government's stabilization operation was also continued through the years. On June 10, 1935, a

CANADIAN WHEAT BOARD

Established - - 1935

bill was brought down in Parliament to establish THE CANADIAN GRAIN BOARD with power to undertake the orderly marketing of wheat and coarse grains entering into interprovincial and export trade. The Board was also authorized to operate elevators, to make initial and interim payments and to take delivery of grain grown in the three prairie provinces and part of British Columbia.

The bill was keenly debated. Amendments were suggested by many interested parties and some changes were made in the act which was passed on July 4, 1935. The Board, consisting of three persons, was appointed on August 14 with Mr. McFarland as chairman and with an advisory committee of seven persons in addition to board members. Four members of the Advisory Committee were to represent producers. The initial price was set on September 6 at 87½ cents per bushel, basis No. 1 Northern Fort William.

Canada's second Wheat Board was in business. During its first year, the personnel of the Canadian Wheat Board was changed. The new members maintained 87½ cents as the minimum price until the next crop year. Then a new policy was announced with the board guaranteeing to purchase at the same price but only when the price on Winnipeg Grain Exchange fell below 90 cents a bushel.

Meanwhile the surpluses held over from the early 1930s were cleared out of marketing channels as a result of short crops in Western Canada and improved economic conditions abroad. The board continued a policy of floor prices to be effective whenever open market prices fell close to the floor.

This arrangement continued into the years of the Second World War when new emergencies called forth new policies.

Pool farmers were greatly disappointed when the Wheat Board of 1935 was turned into a floor price operation. They continued to press for a national marketing board which would undertake realistic programs of orderly marketing.

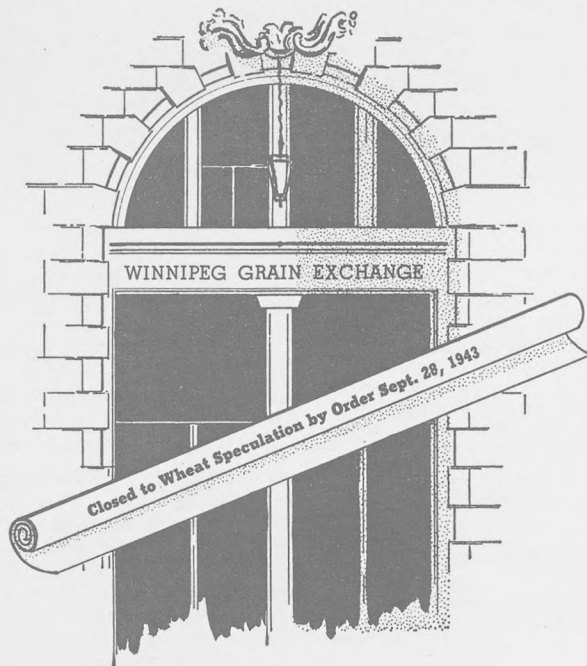
Farmers never lost sight of the goal of orderly marketing. The existence of a national board from the years 1935 to 1943 continued to give them hope that their policy would one day be accepted.

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Wheat Speculation Stopped-1943



On September 28, 1943, the Canadian government suspended trading in wheat futures on the Winnipeg Grain Exchange. Speculation in wheat prices has never been resumed.

It was a move long-advocated by prairie grain growers and has been roundly supported by them since. Wartime famine abroad and rising consumer prices at home were perhaps the major reasons for suspension at the time but the underlying argument against speculation in the price of vital food commodities continues to be the paramount reason why futures trading in wheat was never resumed.

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The order-in-council authorizing the 1943 suspension stated as a principal reason:

"... by reason of wartime developments it is deemed necessary that the Government of Canada should exercise greater control over the marketing of Canadian wheat so that supplies of wheat and wheat flour may be made available at appropriate prices for domestic use and for shipment abroad to countries in receipt of Mutual Aid."

The order stated that all cash wheat supplies in commercial positions at that date should be taken over by the Canadian Wheat Board at the closing prices on the Winnipeg Grain Exchange the night before September 28. This placed in the hands of the Canadian Wheat Board control of all Canadian wheat for market at prices which would not be subject after that date to speculators operating on the Grain Exchange.

The Canadian Wheat Board promptly raised to \$1.25 the initial price payable to the farmer at the delivery point from the 90 cents paid the day before and the initial price has never since fallen below this figure.

In 1949 the Canadian Wheat Board also took over the marketing of oats and barley. Pricing of these grains, however, are established by daily exchange quotations.

At its 1944 annual meeting Saskatchewan Wheat Pool delegates resolved that "the Canadian Wheat Board should continue to function as the sole marketing agency for grain in Canada" and at meetings every year since have renewed that resolution.

From time to time there has been farmer criticism of how the Canadian Wheat Board goes about its marketing function but never has there been any suggestion that principle of orderly marketing should be abandoned.

Subsequent events have borne out the contention of the Prairie farmers that their greatest salvation lies within the orderly system of wheat marketing carried out by the Canadian Wheat Board. They want never to return to any marketing system which includes speculation on the price of such a vital food commodity as Prairie wheat.

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MILESTONES IN MARKETING THE CANADIAN WHEAT BOARD

Relations with the Government



THE Canadian Wheat Board is an agency of the Government of Canada. Its powers are derived from the government and it is responsible to the people of Canada through Parliament.

It has a special responsibility to the grain producers of Western Canada because its main purpose is to sell all the wheat, oats and barley produced in the west entering into interprovincial and export trade. It has been the sole marketing agency for wheat since 1943, and for oats and barley since 1949.

The Canadian Wheat Board is now in its 25th year of service to the western grain producer as an instrument of orderly marketing. Its position as a government agency gives the board much of the strength it requires to deal with the perplexing problems that face the Canadian grain producers whom it represents.

In one very practical aspect, the board's position as an agency of the government enables it to finance the movement of Canadian wheat economically. Because its bank loans are guaranteed by the government of Canada, it is able to borrow at the lowest available rate. Since the farmer carries a large share of the cost of the credit required to move his wheat, he gets the benefit of this preferred position.

The fact that it is a government board assures a national interest in wheat marketing which might be lacking under other circumstances. The importance of the grain production in Canada's economy both as a source of income to a large number of Canadians and as an export commodity justifies such national interest. The Wheat Board provides

the channel through which this interest can be made effective.

As a crown agency, the Wheat Board has access to the machinery of the Department of Trade and Commerce with representatives in scores of countries abroad. This machinery serves an important role in keeping the Wheat Board informed about market prospects in every part of the world.

While the Wheat Board is a Crown agency, all of its operating and selling costs are borne by the grain producers whom it serves except for a portion carried under the Wheat Reserves Act. These costs are deducted from the proceeds of grain sales before these are distributed to the farmer through the final payment on his grain deliveries. In this sense the Canadian Wheat Board is a producers' board, paid for by the producers and having as its chief objective the sale of maximum amounts of his grain at the best possible price.

While the establishment of an initial price for wheat, oats and barley is a matter of government policy, the close relationship between the board and the government helps to make this policy an effective means of protecting the grain producer against potential price collapse.

By the very nature of its relations with the government, Western farmers are assured that when Canadian wheat enters world markets, the conditions of sale and the price are negotiated by a single agency speaking on behalf of all the 230,000 growers. Farmer no longer competes against farmer in a futile race to see who can sell the most for the least. Now, one national agency represents all wheat producers in obtaining the best possible price and the highest volume of sales. The grain producer finds the present system greatly to his advantage.

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THE CANADIAN WHEAT BOARD



ADMINISTERING DELIVERY QUOTAS

THE administration of grain delivery quotas is the responsibility of the Canadian Wheat Board in addition to its primary task of selling western wheat. Delivery quotas became necessary when marketing channels were plugged with surplus wheat during the early years of the Second World War. Their purpose is to assure each grower his fair share of the market by providing him a portion of the available space in country elevators.

In administering the quota system, the board has aimed to achieve a reasonable degree of equality among all the growers in Western Canada for each crop year. This has meant, in effect, levelling out the delivery quota among individual shipping points at the end of the crop year so that growers in all parts of the west would enjoy approximately the same opportunity to share in the market.

An exact mathematical equality has not been possible. However, in the main, a reasonable degree of equality has been achieved at the end of each of the last several crop years.

It has not been possible to maintain this equality throughout the year. Many things interfere with this. The different rates at which grain is shipped at different times of the year from the St. Lawrence ports, Churchill and Vancouver is one of the barriers to equality throughout the

year. Difference in quality and condition of the grain in different districts is another barrier. For example, in the winter of 1959 it was essential that damp grain be moved out of northern areas so that it could be dried at the terminals. This distorted quotas for much of the year.

There are large natural variations in the quality of wheat grown from district to district. As a marketing agency, the Wheat Board must maintain in export positions not only the kinds but the grades of grain demanded by purchasers overseas. The board, therefore, must frequently move stocks that are in heavy demand without regard to the temporary effect of the movement on delivery opportunities.

The quota system has to be operated so that it will meet a wide variety of circumstances. The board learns of these circumstances through its contacts with markets overseas and with the elevator agents at every western shipping point. The administration of quotas is a peculiarly difficult task, but one that is essential to efficient merchandising of Canadian wheat in times of surplus.

Delivery quotas have created many annoyances. But they are an essential part of today's marketing machinery. Farmers recognize the basic fairness of the quota system and the necessity for it under congested conditions. This is an area in which farmers themselves can do much to make it work. If the quota system were destroyed by abuses, all farmers would be much worse off.

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MILESTONES IN MARKETING THE CANADIAN WHEAT BOARD

MARKETING CANADA'S WHEAT



THE OLD WAY

As the sole marketing agency for western wheat, the Canadian Wheat Board must assume responsibility for setting the prices at which the Canadian crop will be sold. It sets daily prices which are transmitted immediately to buyers, importers and millers around the world.

Many factors enter into the Board's pricing decisions. The Board must know the level of demand for a variety of different kinds of wheat. It must know what other exporters are doing, or planning to do. It must watch the daily fluctuations of the exchange rates in terms of Canadian dollars.

This information pours into the Board from its offices overseas, from representatives of the Canadian Department of Trade and Commerce abroad and from daily contacts with people in the grain business and United States sources.

This information has to be interpreted in terms of international grain marketing. The members of the Canadian Wheat Board (four of them) together with their staff assistants have a wealth of experience in this delicate business. In the last analysis, it is on the basis of the judgment of accumulated experience plus the most up-to-date information about the world wheat situation that price decisions must be made.

The Board must keep Canadian wheat moving in world markets and realistic pricing is important. Low prices do not necessarily increase the volume of wheat consumed. People generally eat only so much bread irrespective of the price. Moreover, the experience of the past shows that



THE NEW WAY

unduly low prices have the effect of forcing the other countries into retaliatory measures to prevent hardship to their own farmers. The Board, therefore, avoids actions which would promote price wars with other exporters.

The Board knows that the price of Canadian wheat must be kept competitive with wheat offered by any other exporting nation. It adjusts its price level to meet the prices of all other exporters. And within this framework it continues to sell better than average quantities of Canadian wheat.

In the highly competitive international wheat market of today, any price reduction offered to gain a temporary advantage over a competing exporter will almost certainly set the ceiling for subsequent sales. No exporter is going to allow another to undersell in the market. In this situation, what some groups refer to as "price flexibility" can mean only one thing, that is, "price cutting." And price cutting is not an effective way to sell more wheat.

These are only a few of the many factors which go into the daily pricing of Canadian wheat. It is a fact that the price the Wheat Board has maintained is much higher than prices prevailing during any other period of big surpluses.

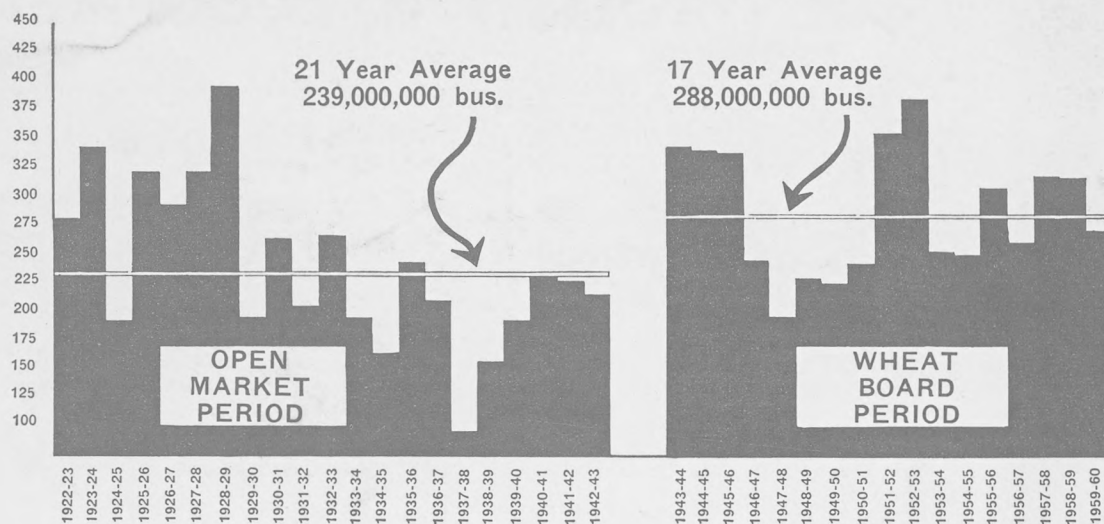
Admittedly, the price of wheat is not high enough to compensate the western farmer for his present high costs. But, without the Wheat Board as a single selling agency, there is no doubt that the price would be much lower and the farmer in much greater trouble.

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MILESTONES IN MARKETING THE CANADIAN WHEAT BOARD

CANADIAN WHEAT EXPORTS



The first responsibility of the Canadian Wheat Board is to sell the wheat grown in Western Canada. It also sells oats and barley for western farmers in international and interprovincial trade. But its biggest job is to sell wheat.

How does it sell Canadian wheat?

In the first place, the members of the Wheat Board keep constantly in touch with governments and buyers in all the importing countries. Through frequent visits to overseas markets the board keeps itself informed of all the developments in the demand for wheat. It helps purchasers to plan the orderly movement of Canadian wheat into many markets.

It maintains policies which are attractive to buyers abroad. The board has built up a reputation over the years for good business practices and fair dealing. This reputation helps decide many sales in favor of Canada's wheat.

In addition to this, the Wheat Board makes full use of the facilities of private grain exporting organizations. The business of these organizations is to arrange sales of wheat between sellers and buyers the world over. The commission they earn on sales of Wheat Board wheat is one of the big parts of their business. Therefore, they must be alert to take advantage of every sales opportunity they can find. Often, these agents develop markets in the course of ex-

panding their own shares of the international grain business.

The board maintains contact with buyers and importing countries through the offices of the Canadian Department of Trade and Commerce. Information provided from these sources helps the board to develop Canadian wheat exports to the maximum.

And what has been the result of the Board's efforts?

The graph at the top of this page shows how wheat sales have been expanded during the 17 years in which the board has been solely responsible for the sale of Canadian wheat. The sales volume has been better than in the days of the speculative market. Average annual sales during the board period are almost 50,000,000 bushels above the previous Canadian average.

Opportunities are now developing for sales in fringe areas around the world. Many of these cannot buy for cash. They need assistance in the purchase of Canadian Wheat. The Wheat Board cannot give this assistance but the Government of Canada can. With government support for development programs in under-developed countries, the Wheat Board can find new markets. The board has the sales machinery. What it needs is support from the government for bold new sales efforts.

One of a series of advertisements to mark the 25th year of orderly marketing through the Canadian Wheat Board

**ORDERLY GRAIN MARKETING
SERVES CANADIANS BEST**

MILESTONES IN MARKETING

AN ORDERLY DEVELOPMENT

Canada's efficient grain marketing system has been an orderly development from unbridled monopoly to a community of purpose and action among producers. More often than not, this development was worked out by farmers themselves and then persistently advocated until it was accepted.

Let's look at the major landmarks along the way.

In the beginning, there was the elevator monopoly enforced by special concessions from the railways and sustained by collusion among the buyers.

Grain farmers demanded and Parliament acceded to a set of regulations which broke the monopoly. Notable in this process was the enactment of the Car Order Book sections of the Manitoba Grain Act and the determined action by the "Men of Sintaluta" to see that they were made effective.

But abuses remained. Then, farmers decided for themselves that they must go into the grain business on their own account to establish a decent set of conditions under which their grain would be assembled and marketed. At this point came the Grain Growers' Grain Company serving as a commission firm handling carload lots for farmers. This was quickly followed by farmer-owned co-operative elevator companies building their own assembling and handling facilities as a means of improving the farmers' bargaining position.

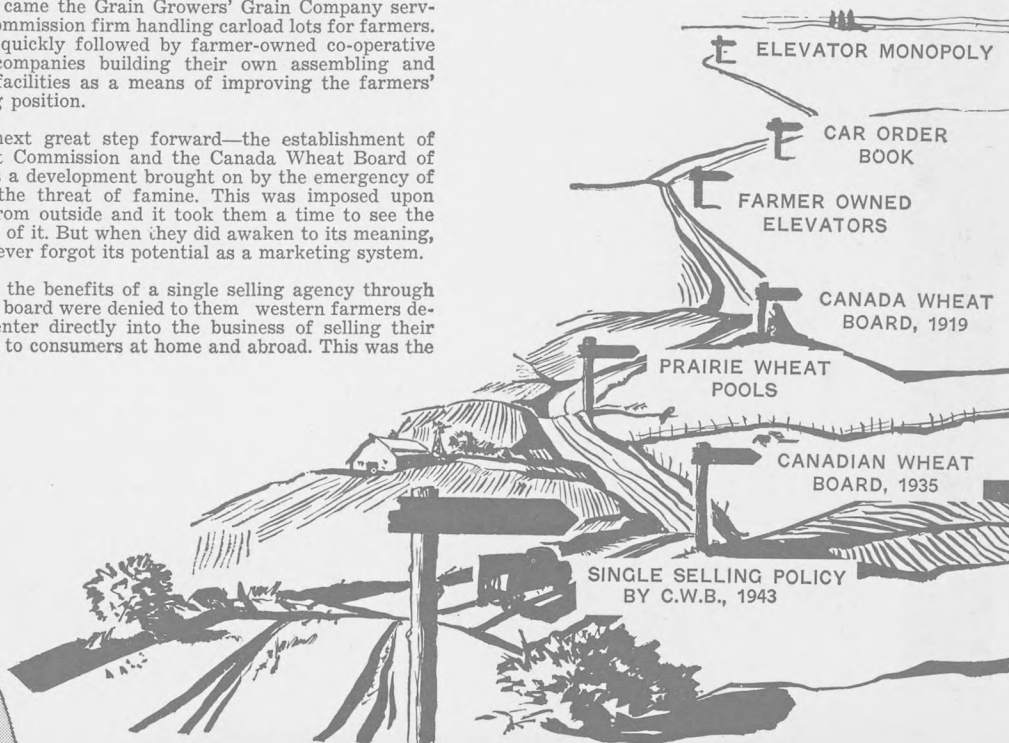
The next great step forward—the establishment of the Wheat Commission and the Canada Wheat Board of 1919—was a development brought on by the emergency of war and the threat of famine. This was imposed upon farmers from outside and it took them a time to see the usefulness of it. But when they did awaken to its meaning, farmers never forgot its potential as a marketing system.

When the benefits of a single selling agency through a national board were denied to them, western farmers decided to enter directly into the business of selling their own grain to consumers at home and abroad. This was the

period of the Prairie Wheat Pools and their bold experiment in an international market. Farmers had moved by degrees from seeking fair competition in the purchase of their wheat to attempting to participate themselves in setting the terms of trade for their own produce.

Finally in response to fresh crises farmers achieved the goal they had sought for many years—a national single selling agency which would assert real influence in the international market. They know their single selling agency—the Canadian Wheat Board—is not all-powerful; they know it alone cannot dictate the terms on which their grain is sold. But they know also that it enjoys an immensely greater bargaining power than any one of them or any group of them could ever possess. They know it serves them better than any of the several other systems they have experienced in their progress toward the single selling agency.

The Canadian Wheat Board has been serving farmers for 25 years. This marketing method is no longer an experiment. Wheat Board marketing is here to stay. It's here to stay because Western Canadian farmers want it and will fight to keep it.



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